

## **702 KAR 3:130. Internal accounting.**

RELATES TO: KRS Chapter 45A, 61.410, 66.480, 156.029, 156.076, 156.160, 156.200, 158.290, Chapter 160, 161.540, 161.560, 342.640, 424.260

STATUTORY AUTHORITY: KRS 156.070, 156.160

NECESSITY, FUNCTION, AND CONFORMITY: KRS 156.070(1) gives the Kentucky Board of Education the management and control of the common schools. KRS 156.200 requires the Kentucky Board of Education to regulate accounting procedures and reports of local school districts. This administrative regulation establishes uniform procedures for the accounting of school activity funds.

Section 1. Definition. "Activity funds" means all school funds including funds derived from fundraising activities sponsored under the auspices of the school and does not mean funds raised or received by organizations which do not come under the direct supervision of school authorities.

Section 2. District Responsibilities. (1) A district board of education shall have the responsibility for administration and control of all activity funds and comply with "Accounting Procedures for Kentucky School Activity Funds", which is also known as the "Redbook".

(2)(a) The August 2007 edition of the Redbook shall be used until June 30, 2013.

(b) The March 2013 edition of the Redbook shall be used beginning July 1, 2013.

Section 3. Audits. (1) Activity fund internal accounts shall be audited annually by a certified public accountant, and a report shall be made to the district board of education.

(2) Audit reports shall be reviewed and accepted by the local board of education, and appropriate action taken.

(3) Recommendations and exceptions listed in the audit shall be reviewed by staff of the Department of Education.

(4) A copy of the school audit report shall be on file in both the office of the principal and the office of the superintendent of the local school district. It shall be open for public inspection in both locations.

Section 4. Incorporation by Reference. (1) "Accounting Procedures for Kentucky School Activity Funds", March 2013, is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Department of Education, Division of District Support, 15th Floor, Capital Plaza Tower, 500 Mero Street, Frankfort, Kentucky, Monday through Friday, 8 a.m. to 4:30 p.m. (SBE 21.250, 21.260, 21.270, 21.280, 21.290, 21.295, 21.300, 21.305; 1 Ky.R. 71; eff. 11-13-1974; Am. 5 Ky.R. 816; eff. 6-6-1979; 6 Ky.R. 581; eff. 7-2-1980; 17 Ky.R. 428; 1353; eff. 10-14-1990; 20 Ky.R. 1684; eff. 2-2-1994; 21 Ky.R. 2244; eff. 6-1-1995; 23 Ky.R. 185; eff. 9-5-1996; 28 Ky.R. 1204; 1633; eff. 1-14-2002; 34 Ky.R. 1800; 2092; eff. 4-4-2008; 39 Ky.R. 1321; 1891; 2173; eff. 5-31-2013.)